

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In Re:

Chapter 11

W. R. GRACE & CO., et al.,

Case No. 01-1139 (JKF)

Jointly Administered

Debtors.

**OBJECTION OF THE MICHIGAN DEPARTMENT OF TREASURY TO THE FIRST
AMENDED JOINT PLAN OF REORGANIZATION FOR W.R. GRACE & CO,
AND ITS AFFILIATES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

The State of Michigan, Department of Treasury, through its attorneys, Michael A. Cox, Attorney General and Deborah Benedict Waldmeir, Assistant Attorney General, files this objection to the First Amended Joint Plan of Reorganization and Disclosure Statement of W.R. Grace & Co. and its affiliates:

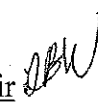
1. The debtors filed their petition for bankruptcy under Chapter 11 of the Bankruptcy Code on April 2, 2001.
2. The business activities of the debtors resulted in liabilities to Treasury for single business taxes pursuant to 1975 PA 228.
3. Treasury filed priority and general unsecured tax claims against debtor W.R. Grace & Co - Conn in the respective amounts of \$67,199.66 and \$37,217.76 for unpaid single business taxes.
4. Treasury objects to the proposed interest rate for priority tax claims of 4.19%, as set forth in Section 2.1.2 of the Plan. Pursuant to 11 USC 1129(a)(9)(C) interest on priority tax claims must be paid at a rate determined by "the prevailing market rate for a loan of a term equal

to the payout period, with due consideration of the quality of the security and the risk of subsequent default." See *In re Camino Real Landscape Maintenance Contractors*, 818 F2d 1503 (9th Cir. 1987). The Department of Treasury's interest rate for delinquent taxpayers is 6.0% as of January 1, 2009. Treasury requests that the plan be amended to provide that "interest will be paid on priority tax claims at the applicable non-bankruptcy rate."

5. Unless the Plan defect discussed above is cured, the State of Michigan Department of Treasury requests that confirmation be denied and that it have such other relief to which it may be entitled.

Respectfully submitted,

Michael A. Cox
Attorney General

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